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JUL 18 2011  
CONTINUING CARE  
CONTRACTS BRANCH

## **Part 1**

### **Annual Provider Fees**

**FORM 1-1**  
**RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	0
[2]	Number at end of fiscal year	27
[3]	Total Lines 1 and 2	27
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	13.5
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	27
[7]	Number at end of fiscal year	42
[8]	Total Lines 6 and 7	69
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	34.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.39

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$3,070,648
[a]	Depreciation	\$1,717,458
[b]	Debt Service (Interest Only)	\$242,930
[2]	Subtotal (add Line 1a and 1b)	\$1,960,388
[3]	Subtract Line 2 from Line 1 and enter result.	\$1,110,260
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	39%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$434,450
		x .001
[6]	<b>Total Amount Due</b> (multiply Line 5 by .001)	\$434

<b>PROVIDER</b>	Meadowbrook Village Christian Retirement Community
<b>COMMUNITY</b>	Meadowbrook Village Christian Retirement Community

## **Part 2**

### **Certification by Chief Executive Officer**



**MEADOWBROOK VILLAGE**  
**CHRISTIAN RETIREMENT COMMUNITY**

**Annual Report, Part 2**  
**Certification by Chief Executive Officer**


**R E C E I V E D**  
**JUL 18 2011**

CONTINUING CARE  
CONTRACTS BRANCH

I hereby certify that:

- The annual report and any amendments are correct to the best of my knowledge,
- Each continuing care contract form in use or offered to new residents has been approved by the Department, and
- As of the date below, Meadowbrook Village is maintaining the required liquid reserve and, if applicable, the required refund reserve.

**Meadowbrook Village Christian Retirement Community**

By: 

Name: Jacob Brouwer

Title: President and Chief Executive Officer

Date: July 14, 2011

## **Part 3**

### **Evidence of Fidelity Bond**



Nationwide Mutual Insurance Company  
 AMCO Insurance Company  
 Bond Department  
 1100 Locust Street  
 Des Moines, Iowa 50391-2006

## Bond Transaction Summary

AGENCY **BROUWER INSURANCE**  
 ADDRESS **725 E VALLEY PKWY**  
**ESCONDIDO CA**

92025-3009

AGENCY NO. **06162**  
 AGENCY STATE **CA** CONTINUING CARE  
 CONTRACTS BRANCH

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BOND NUMBER **BD 79 0 0663963**

PRODUCER CODE

TYPE OF TRANSACTION **RENEWAL**NAME OF PRINCIPAL OR INSURED **MEADOWBROOK VILLAGE CHRISTIAN CARE CENTER**

ADDRESS **1508 W. MISSION ROAD**  
**ESCONDIDO**

CA 92029

NAME OF OBLIGEE **SAME AS INSURED**  
 DESCRIPTION OF BOND **FORM A BLANKET**

RECEIVED JUN 24 2011

THE BOND IS EFFECTIVE FROM **08/01/11** TO **U/C**  
 THE BILLING COVERS THE PERIOD FROM **08/01/11** TO **08/01/12** TERM **12**

AMOUNT OF COVERAGE	PREMIUM	COMM. RATE	LINE AND COVERAGE	CLASS CODE	OBLIGEE STATE	COV. LIMIT	STAT PLAN
<b>50,000.00</b>	<b>184.00</b>	<b>.1500</b>	<b>710</b>	<b>1590</b>	<b>CA</b>		<b>A</b>

## RENEWAL PROCEDURE

A BILLING ONLY, THE BOND IS CONTINUOUS IN FORM AND REMAINS IN FULL FORCE AND EFFECT UNTIL  
 CANCELLED IN ACCORDANCE WITH TERMS OF THE BOND.

Original Date: **08/01/07**  
 DIRECT BILLED

File: Y  
 Account Number: **884800401**  
 ACCOUNTING DATE **05/03/11**

**CRIME POLICY DECLARATIONS**  
**FORM A**

This Policy consists of this Declarations Form, the Common Policy Conditions, the Crime General Provisions Form and the Coverage Forms indicated as applicable.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THE POLICY.

POLICY NO. Bd 7900663963

NATIONWIDE MUTUAL INSURANCE COMPANY

AGENCY: Brouwer Insurance

1. NAMED INSURED Meadowbrook Village Christian Care Center
2. MAILING ADDRESS 1508 W. Mission Road  
Escondido, CA
3. POLICY PERIOD: From August 1, 2007 To Continuous until cancelled  
(12:01 A.M. Standard Time at your mailing address shown above)
4. COVERAGE, LIMITS OF INSURANCE AND DEDUCTIBLE

Coverage Forms Forming Part of This Policy

Form A Blanket  
Bd 501 (02-97) 00 Bd 502 (02-97) 00

Limit of  
Insurance  
\$50,000.00

Deductible  
Amount  
Nil

5. ENDORSEMENTS FORMING PART OF THIS POLICY WHEN ISSUED:  
Bd 529 (10-90) 00
6. CANCELLATION OF PRIOR INSURANCE: By acceptance of this Policy you give us notice canceling  
prior policy or bond Nos. N/A

the cancellation to be effective at the time this Policy becomes effective.

Dated this 1st day of August, 2007.

NATIONWIDE MUTUAL INSURANCE COMPANY

*Patricia A. Hather*

SENIOR VICE PRESIDENT,  
GENERAL COUNSEL AND SECRETARY



PRESIDENT

COUNTERSIGNED \_\_\_\_\_ BY \_\_\_\_\_  
(Date) (Authorized Representative)

All Coverage Parts included in this Policy are subject to the following conditions.

#### A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

#### B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

#### C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

#### D. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

#### E. PREMIUMS

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

#### F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.



## CRIME GENERAL PROVISIONS

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured showing in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Words and phrases in quotation marks are defined in the policy.

Unless stated otherwise in any Crime Coverage Form, Declarations or endorsement, the following General Exclusions, General Conditions and General Definitions Apply to all Crime Coverage Forms forming part of this policy.

**A. GENERAL EXCLUSIONS**

We will not pay for loss as specified below:

1. **Acts Committed by You or Your Partners:** Loss resulting from any dishonest or criminal act committed by you or any of your partners whether acting alone or in collusion with other persons.
2. **Governmental Action:** Loss resulting from seizure or destruction of property by order of governmental authority.
3. **Indirect Loss:** Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:
  - a. Your inability to realize income that you would have realized had there been no loss of, or loss from damage to, Covered Property.
  - b. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
  - c. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.
4. **Legal Expenses:** Expenses related to any legal action.
5. **Nuclear:** Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.
6. **War and Similar Actions:** Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.
- a. This insurance;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this insurance.
2. **Consolidation-Merger:** If through consolidation or merger with, or purchase of assets of, some other entity:
  - a. Any additional persons become "employees"; or
  - b. You acquire the use and control of any additional "premises";
 any insurance afforded for "employees" or "premises" also applies to those additional "employees" and "premises", but only if you:
  - a. Give us written notice within 30 days thereafter; and
  - b. Pay us an additional premium.
3. **Coverage Extensions:** Unless stated otherwise in the Coverage Form, our liability under any Coverage Extension is part of, not in addition to, the Limit of Insurance applying to the Coverage or Coverage Section.
4. **Discovery Period for Loss:** We will pay only for covered loss discovered no later than one year from the end of the policy period.
5. **Duties in the Event of Loss:** After you discover a loss or a situation that may result in loss of, or loss from damage to, Covered Property you must:
  - a. Notify us as soon as possible.
  - b. Submit to examination under oath at our request and give us a signed statement of your answers.
  - c. Give us a detailed, sworn proof of loss within 120 days.
  - d. Cooperate with us in the investigation and settlement of any claim.
6. **Joint Insured**
  - a. If more than one Insured is named in the Declarations, the first named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first named Insured ceases to be covered, then the next

**B. GENERAL CONDITIONS**

1. **Concealment, Misrepresentation or Fraud:**  
This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

named Insured will be the first named Insured.

- b. If any Insured or partner or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
  - c. An "employee" of any Insured is considered to be an "employee" of every Insured.
  - d. If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered no later than one year from the date of that cancellation or termination.
  - e. We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.
7. **Legal Action Against Us:** You may not bring any legal action against us involving loss:
- a. Unless you have complied with all the terms of this insurance; and
  - b. Until 90 days after you have filed proof of loss with us; and
  - c. Unless brought within 2 years from the date you discover the loss.
8. **Liberalization:** If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this insurance.
9. **Non-Cumulation of Limit of Insurance:** Regardless of the number of years this insurance remains in force or the number of premiums paid and regardless that previous policies were in effect, whether issued by our company, any affiliated company or issued by another non affiliated company, the coverage shall not be cumulative from year to year or period to period and the maximum limit of insurance applicable for loss in any one "occurrence" shall be no greater than the limit of insurance shown in the Declarations page of this policy, provided:
- a. **Loss Covered Under More Than One Coverage of This Insurance:** If 2 or more coverages of this insurance apply to the same loss, we will pay the lesser of:
    - (1) The Actual amount of loss; or
    - (2) The sum of the limits of insurance applicable to those coverages.
  - b. **Loss Sustained During Prior Insurance**
    - (1) If you, or any predecessor in interest, sustained loss during the period of any prior insurance that you or the predecessor in interest that could have been recovered

under that insurance except that the time within which to discover loss had expired, we will pay for it under this insurance, provided:

- (a) This insurance became effective at the time of cancellation or termination of the prior insurance; and
  - (b) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- (2) The insurance under this Condition is part of, not in addition to, the Limits of Insurance applying to this insurance and is limited to the lesser of the amount recoverable under:
- (a) This insurance as of its effective date; or
  - (b) The prior insurance had it remained in effect.
- c. **Loss Covered Under This Insurance and Prior Insurance Issued by Us or Any Affiliate** If any loss is covered:
- (1) Partly by this insurance; and
  - (2) Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

- d. **Other Insurance:** This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. However, if the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity. However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the Declarations.

10. **Ownership of Property; Interests Covered:** The property covered under this insurance is limited to property:

- a. That you own or hold; or
- b. For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization.

## 11. Policy Period

- a. The Policy Period is shown in the Declarations.
- b. Subject to the Loss Sustained During Prior Insurance condition, we will pay only for loss that you sustain through acts committed or events occurring during the Policy Period.

**12. Records:** You must keep records of all Covered Property so we can verify the amount of any loss.

## 13. Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- (2) Then to us, until we are reimbursed for the settlement made;
- (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

- b. Recoveries do not include any recovery:

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

**14. Territory:** This insurance covers only acts committed or events occurring within the United States of America, U.S. Virgin Islands, Puerto Rico, Canal Zone, or Canada.

## 15. Transfer of Your Rights of Recovery Against Others to us:

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

## 16. Valuation - Settlement

- a. Subject to the applicable Limit of Insurance provision we will pay for:

- (1) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America;

- (a) At face value in the "money" issued by that country; or

- (b) In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.

(2) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

- (a) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

- (b) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:

- i. Value of the "securities" at the close of business on the day the loss was discovered; or

- ii. Limit of Insurance.

(3) Loss of, loss from damage to, "property other than money and securities" or loss from damage to the "premises" for not more than the:

- (a) Actual cash value of the property on the day the loss was discovered; or

- (b) Cost of repairing the property or "premises"; or

- (c) Cost of replacing the property with property of like kind and quality.

We may, at our option, pay the actual cash value of the property or repair or replace it.

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost will be determined by arbitration.

- b. We may, at our option, pay for loss of, or loss from damage to, property other than "money";

- (1) In the "money" of the country in which the loss occurred; or

- (2) In the United States of America dollar

equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.

- c. Any property that we pay for or replace becomes our property.

Contractor or representative of the same general character; or

- (2) Director or trustee except while performing acts coming within the scope of the usual duties of an employee.

## C. GENERAL DEFINITIONS

### 1. "Employee" means:

- a. Any natural person:
  - (1) While in your service (and for 30 days after termination of service); and
  - (2) Whom you compensate directly by salary, wages or commissions; and
  - (3) Whom you have the right to direct and control while performing services for you; or
- b. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the "premises".

But "employee" does not mean any:

- (1) Agent, broker, factor, commission merchant, consignee, independent

### 2. "Money" means:

- a. Currency, coins and bank notes in current use and having a face value; and
- b. Travelers checks, register checks and money orders held for sale to the public.

### 3. "Property Other Than Money and Securities" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property listed in any Crime Coverage Form as Property Not Covered.

### 4. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

EMPLOYEE DISHONESTY COVERAGE FORM

A. COVERAGE

We will pay for loss of, and loss from damage to, Covered Property resulting directly from the Covered Cause of Loss.

1. **Covered Property:** "Money", "securities", and "property other than money and securities".
2. **Covered Cause of Loss:** "Employee dishonesty".
3. **Coverage Extension:**

**Employees Temporarily Outside Coverage Territory:** We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory General Condition for a period not more than 90 days.

B. LIMIT OF INSURANCE

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the DECLARATIONS.

C. DEDUCTIBLE

1. We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the DECLARATIONS. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.
2. You must:
  - a. Give us notice as soon as possible of any loss of the type insured under this Coverage Form even though it falls entirely within the Deductible Amount.
  - b. Upon our request, give us a statement describing the loss.

D. ADDITIONAL EXCLUSIONS, CONDITION AND DEFINITIONS: In addition to the provisions in the Crime General Provision Form, this Coverage Form is subject to the following:

1. **Additional Exclusions:** We will not pay for loss as specified below:
  - a. **Employee Cancelled Under Prior Insurance:** loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

- b. **Inventory Shortages:** loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

2. Additional Condition

**Cancellation As To Any Employee:** This insurance is cancelled as to any "employee":

- a. Immediately upon discovery by:

- (1) You; or
- (2) Any of your partners, officers, or directors not in collusion with the "employee";  
of any dishonest act committed by that "employee" whether before or after becoming employed by you.

- b. On the date specified in a notice mailed to you. That date will be at least 30 days after the date of mailing.

The mailing of notice to you at the last mailing address known to us will be sufficient proof of notice. Delivery of notice is the same as mailing.

3. Additional Definitions

- a. **"Employee Dishonesty"** in paragraph A.2. means only dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you or a partner, with the manifest intent to:

- (1) Cause you to sustain loss; and also
- (2) Obtain financial benefit (other than employee benefits earned in the normal course of employment, including: salaries, commissions, fees, bonuses, promotions, awards, profit sharing or pensions) for:
  - (a) The "employee"; or
  - (b) Any person or organization intended by the "employee" to receive that benefit.

- b. **"Occurrence"** means all loss caused by or involving, one or more "employees", whether the result of a single act or series of acts and whether occurring during the current policy of insurance or during the policy period of any prior policy of insurance or continuation thereof or during both the current policy and prior policy terms.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCLUDE SPECIFIED NON-COMPENSATED OFFICERS AS EMPLOYEES

This endorsement applies to the CRIME GENERAL PROVISIONS FORM and all Crime Coverage Forms forming part of the policy.

A. SCHEDULE

Names or Titles of Non-Compensated Officers

Include 5 Board Members

B. PROVISIONS

"Employee" also includes your non-compensated officers shown in the SCHEDULE.

## **Part 4**

# **Audited Financial Statements**

**Meadowbrook Village Christian  
Retirement Community**

Financial Statements

Years Ended December 31, 2010 and 2009



**Meadowbrook Village Christian Retirement Community**  
Financial Statements  
Years Ended December 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

RECEIVED  
JUL 18 2011

CONTINUING CARE  
CONTRACTS BRANCH

To the Board of Directors  
Meadowbrook Village Christian Retirement Community

We have audited the accompanying statement of financial position of Meadowbrook Village Christian Retirement Community (a nonprofit organization) as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Meadowbrook Village Christian Retirement Community as of December 31, 2009 were audited by other auditors whose report dated December 8, 2010 expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Meadowbrook Village Christian Retirement Community as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Vander Spek & Corsello, CPAs*

Escondido, California  
June 21, 2011

*Members of American Institute  
of Certified Public Accountants  
and California Society of  
Certified Public Accountants*

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**Meadowbrook Village Christian Retirement Community**

Statements of Financial Position

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 1,077,486	\$ 189,198
Prepaid expenses and other current assets	<u>771,386</u>	<u>38,738</u>
Total Current Assets	1,848,872	227,936
Property and equipment, net of accumulated depreciation	<u>53,884,364</u>	<u>52,412,424</u>
Total Assets	<u><u>\$ 55,733,236</u></u>	<u><u>\$ 52,640,360</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 1,227,587	\$ 2,304,901
Notes payable to related parties	40,875,000	43,170,966
Deferred revenue	6,144	280,451
Deposits and other current liabilities	12,692	77,256
Entrance fees (current portion)	<u>573,077</u>	<u>-</u>
Total Current Liabilities	42,694,500	45,833,574
Other Liabilities:		
Entrance fees	<u>5,157,691</u>	<u>-</u>
Total Liabilities	47,852,191	45,833,574
Net Assets, Unrestricted	<u>7,881,045</u>	<u>6,806,786</u>
Total Liabilities and Net Assets	<u><u>\$ 55,733,236</u></u>	<u><u>\$ 52,640,360</u></u>

See accompanying notes to financial statements

**Meadowbrook Village Christian Retirement Community**

Statements of Activities

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Unrestricted Support and Revenue:		
Contributions	\$ 1,006,281	\$ 1,415,878
In-kind contributions	2,062,166	-
Monthly rental fees	578,016	92,453
In-kind interest	242,930	316,114
In-kind rent	150,000	150,000
Fees for services	97,105	21,845
Interest and other income	<u>8,409</u>	<u>3,844</u>
Total Unrestricted Support and Revenue	<u>4,144,907</u>	<u>2,000,134</u>
Expenses:		
Program services	2,986,401	1,603,463
Supporting services		
General and administrative	<u>84,247</u>	<u>43,728</u>
Total Expenses	<u>3,070,648</u>	<u>1,647,191</u>
Increase in Net Assets	1,074,259	352,943
Net Assets, beginning	<u>6,806,786</u>	<u>6,453,843</u>
Net Assets, ending	<u><u>\$ 7,881,045</u></u>	<u><u>\$ 6,806,786</u></u>

See accompanying notes to financial statements

**Meadowbrook Village Christian Retirement Community**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2010 and 2009**

	2010		2009			
	Program Services	General and Administrative	Total	Program Services	General and Administrative	Total
Depreciation	\$ 1,717,458		\$ 1,717,458	\$ 856,883		\$ 856,883
Payroll	346,093	58,171	404,264	232,758	31,924	264,682
In-kind interest	242,930		242,930	166,763		166,763
In-kind rent	150,000		150,000	150,000		150,000
Repair and maintenance	145,122		145,122	12,275		12,275
Utilities	145,052		145,052	13,129		13,129
Insurance	101,436		101,436	34,808		34,808
Kitchen	90,862		90,862	58,101		58,101
License and fees	26,371		26,371	47,010		47,010
Professional fees	8,619	8,618	17,237	5,704	5,705	11,409
Marketing and advertising	-	14,843	14,843	-	1,795	1,795
Other	7,150	845	7,995	15,654	845	16,499
Office Expenses	5,308	1,770	7,078	10,378	3,459	13,837
Total Expenses	\$ 2,986,401	\$ 84,247	\$ 3,070,648	\$ 1,603,463	\$ 43,728	\$ 1,647,191

See accompanying notes to financial statements

**Meadowbrook Village Christian Retirement Community**

Statements of Cash Flows

Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 1,074,259	\$ 352,943
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
In-kind contribution	(2,049,645)	-
In-kind additions to property and equipment	(12,520)	(149,351)
Depreciation	1,717,458	856,883
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(732,648)	(38,738)
Accounts payable	972,332	(370,616)
Deferred revenue	(274,307)	280,451
Deposits and other current liabilities	(64,564)	77,256
Entrance fees	<u>5,730,768</u>	<u>-</u>
Net Cash Provided by Operating Activities	6,361,133	1,008,828
Cash Flows Used by Investing Activities:		
Purchases of property and equipment	(3,176,879)	(9,266,089)
Cash Flows Provided (Used) by Financing Activities:		
Proceeds from (Payments of) notes payable to related parties	<u>(2,295,966)</u>	<u>8,145,966</u>
Net Increase (Decrease) in Cash	888,288	(111,295)
Cash, beginning	<u>189,198</u>	<u>300,493</u>
Cash, ending	<u><u>\$ 1,077,486</u></u>	<u><u>\$ 189,198</u></u>

See accompanying notes to financial statements

## **Meadowbrook Village Christian Retirement Community**

### **Notes to Financial Statements**

**Years Ended December 31, 2010 and 2009**

#### **Note 1 – Organization and Summary of Significant Accounting Policies**

##### Nature of Activities

Meadowbrook Village Christian Retirement Community (Organization) was incorporated on August 4, 2004 in the State of California as a nonprofit public benefit corporation. The purpose of the Organization is to develop and operate housing specially designed for the elderly, with arrangements for residents' health care and financial security, and otherwise to promote the interests and serve the needs of the elderly. The Organization has completed the majority of construction and began operations on June 30, 2009.

On November 18, 2010 the Organization received its continuing care license for a portion of its facilities from the State of California, Department of Social Services. This enables the Organization to enter into Continuing Care Contracts with its residents and collect entrance fees.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted net assets represent expendable funds available for operations, which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to donor-imposed restrictions contingent upon specific performance of a future event or specific passage of time before the Organization may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

**Meadowbrook Village Christian Retirement Community**  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009

**Note 1 – Organization and Summary of Significant Accounting Policies- (continued)**

The Organization had no temporarily and permanently restricted net assets during the years ended December 31, 2010 and 2009.

Comparative Information

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Property and Equipment

Property and equipment is stated at cost. Donated property and equipment is recorded at fair market value at the date of the gift. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of three to forty years.

Deferred Revenue and Entrance Fees

Monthly rent and service fees that are collected in advance are recorded as deferred revenue.

The entrance fees that are collected upon entering into a continuing care contract are initially recorded as a liability and recognized as revenue as they are earned.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.



**Meadowbrook Village Christian Retirement Community**  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009

**Note 1 – Organization and Summary of Significant Accounting Policies- (continued)**

**In-Kind Revenue and Expenses**

In-kind revenue and expenses recorded in the statements of activities consist of donated materials and equipment, and contributed interest and rent. Contributed interest is recorded for the interest-free note payable using an imputed interest. Contributed rent has been recognized at the estimated fair value for use of the facilities' land.

**Advertising**

Advertising costs are expensed as they are incurred. Advertising expenses were \$12,778 and \$1,256 during the years ended December 31, 2010 and 2009, respectively.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Sections 214 and 23701(d) of the California Revenue and Taxation Code. This exemption is for all income taxes except for those assessed on unrelated business income, if any. For the years ended December 31, 2010 and 2009, no such unrelated business taxable income was reported and, therefore, no provision for income taxes has been made. The Organization is not a private foundation.

**Subsequent Events**

The Organization has evaluated subsequent events through June 21, 2011 which is the date the financial statements were available to be issued.

**Note 2 – Concentration of Credit Risk**

The Organization maintains its cash balances at a financial institution where the balances are insured by the Federal Deposit Insurance Corporation (FDIC). On May 20, 2009, the Helping Families Save Their Homes Act temporarily increased FDIC deposit insurance limits from \$100,000 to \$250,000 until December 31, 2013. At December 31, 2010, the Organization's cash balance in excess of \$250,000 was not insured.

**Meadowbrook Village Christian Retirement Community**

Notes to Financial Statements

Years Ended December 31, 2010 and 2009

**Note 3 – Property and Equipment**

Property and equipment consists of the following:

	<u>2010</u>	<u>2009</u>
Software and equipment	\$ 133,971	\$ 116,034
Furniture and appliances	1,198,432	1,192,922
Buildings and structures	40,012,871	39,859,413
Land Improvements	<u>11,675,837</u>	<u>11,658,601</u>
	53,021,111	52,826,970
Less accumulated depreciation	<u>(2,574,924)</u>	<u>(857,466)</u>
	50,446,187	51,969,504
Construction in progress	<u>3,438,177</u>	<u>442,920</u>
	<u><u>\$ 53,884,364</u></u>	<u><u>\$ 52,412,424</u></u>

The majority of construction was completed and the related assets were placed into service on June 30, 2009. The remaining construction in progress consists of costs that are both directly and indirectly related to the expansion of the elderly housing facilities. Property taxes and in-kind interest of \$149,351 were capitalized in construction in progress during the year ended December 31, 2009. The ongoing construction projects are scheduled for completion during the spring of 2012. A skilled nursing facility is planned for completion in 2013. Additional projects may be started in future years.

**Note 4 – Entrance Fees**

The Organization receives an entrance fee when it enters into a residence and care agreement. In exchange for the entrance fee, the Organization agrees to provide residency, care and services. The entrance fee is refundable if the agreement is terminated within the first 90 days. After the 90-day period, the Organization is entitled to retain five per cent of the entrance fee for each year the contract is in effect up to a maximum of 50 per cent.

The entrance fees that were collected during the year ended December 31, 2010 were all in the initial 90-day waiting period as of year-end. Therefore, they have been recorded as a liability. In future years, the Organization will recognize as revenue the portion that it has earned during the year up to five per cent per year.

## Meadowbrook Village Christian Retirement Community

### Notes to Financial Statements

Years Ended December 31, 2010 and 2009

#### **Note 5 – Related Party Transactions**

##### Notes Payable

The Organization has a note payable to Stewardship Foundation in the amount of \$40,875,000 and \$41,125,000 at December 31, 2010 and 2009, respectively. The Organization and the Stewardship Foundation share common Board members. The loan is unsecured, interest-free, and due on demand. In-kind interest income of \$242,930 and \$316,114 was recognized using an imputed interest rate of 0.57% and 0.81% at December 31, 2010 and 2009, respectively.

On December 29, 2009, the Organization entered into a note payable with Jacob Brouwer, President of the Organization, in the amount of \$2,045,966. The promissory note was unsecured, interest-free, and due on demand. The loan was repaid on December 23, 2010.

##### Facilities Land

The elderly housing facilities are being constructed on land owned by the Stewardship Foundation. The Organization and the Stewardship Foundation have entered into a lease agreement for use of the land for \$1 for the term of the initial lease. The lease will expire when the Organization completes the construction of the site improvements and buildings of the senior residential care facilities. The Organization has recorded the fair market value of rent in the amount of \$150,000 for each of the years ended December 31, 2010 and 2009 as in-kind rent revenue and expense.

##### Property and Personnel

The Organization purchased construction services, materials and personnel services from various entities that are controlled by the Organization's president totaling approximately \$1,402,000 and \$2,758,000 during the years ended December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, amounts due to those entities included in accounts payable were \$953,000 and \$2,104,000, respectively.

##### Contributions

During the years ended December 31, 2010 and 2009, the Organization received contributions (including in-kind) of \$3,062,165 and \$1,105,000, respectively, from various related parties including Stewardship Foundation, the president of the Organization, and an entity controlled by the Organization's president.

**Meadowbrook Village Christian Retirement Community**  
Notes to Financial Statements  
Years Ended December 31, 2010 and 2009

**Note 6 – Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time and usage.

**Note 7 – Continuing Care Provider's Obligation for Future Services**

The Organization is a Type C continuing care provider, which means that virtually all of its medical and assisted living services are provided on a fee-for-service basis. The Organization's remaining obligations for future services are covered by monthly fees. Therefore, no liability has been recorded other than the repayable portions of entrance fees.

## **Part 5**

### **Liquid Reserve**

**Meadowbrook Village Christian  
Retirement Community**

Reserve Reports

Year Ended December 31, 2010

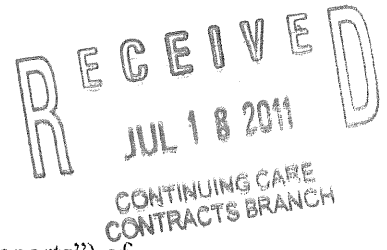
**Meadowbrook Village Christian Retirement Community**  
**Reserve Report**  
**Year Ended December 31, 2010**

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Form 5-2	3
Form 5-3	4
Form 5-4	5
Form 5-5	6

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Meadowbrook Village Christian Retirement Community



We have audited the accompanying continuing care reserve reports ("Reports") of Meadowbrook Village Christian Retirement Community (the "Organization") as of December 31, 2010. These Reports are the responsibility of the Organization's management. Our responsibility is to express an opinion on the Reports based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Reports are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Reports, assessing the accounting principles used and significant estimates made by the Organization's management, as well as evaluating the overall presentation of the Reports. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Reports were prepared for the purpose of complying with California Health and Safety Code section 1792 and are not intended to be complete presentation of the Organization's assets, liabilities, revenues and expenses.

In our opinion, the Reports present fairly, in all material respects, the liquid reserve requirements of the Organization as of December 31, 2010, in conformity with the report preparation provisions of California Health and Safety Code section 1792.

The report is intended solely for the use of the Organization and for filing with the California Department of Social Services and is not intended to be and should not be used for any other purpose. However, this report is a matter of public record and its distribution is not limited.

*Vander Spek & Corsello, CPAs*

Escondido, California  
July 12, 2011

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**FORM 5-1**  
**LONG-TERM DEBT INCURRED**  
**IN A PRIOR FISCAL YEAR**  
**(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	12/31/09	\$0	\$0	\$0	\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
		<b>TOTAL:</b>	\$0	\$0	\$0

*(Transfer this amount to  
Form 5-3, Line 1)*

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** Meadowbrook Village Christian Retirement Community

**FORM 5-2**  
**LONG-TERM DEBT INCURRED**  
**DURING FISCAL YEAR**  
**(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	12/31/10	\$0	\$0	0	\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>		\$0	\$0	0	\$0

*(Transfer this amount to  
Form 5-3, Line 2)*

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** Meadowbrook Village Christian Retirement Community

**FORM 5-3**  
**CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$0
2	Total from Form 5-2 bottom of Column (e)	\$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<b>\$0</b>

**PROVIDER:** Meadowbrook Village Christian Retirement Community

**FORM 5-4**  
**CALCULATION OF NET OPERATING EXPENSES**

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$3,070,648
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)		
	b. Credit enhancement premiums paid for long-term debt (see instructions)		
	c. Depreciation	\$1,717,458	
	d. Amortization		
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		
	f. Extraordinary expenses approved by the Department		
3	Total Deductions		\$1,717,458
4	Net Operating Expenses		\$1,353,190
5	Divide Line 4 by 365 and enter the result.		\$3,707
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		\$278,053

**PROVIDER:** Meadowbrook Village Christian Retirement Community

**COMMUNITY:** Meadowbrook Village Christian Retirement Community

**FORM 5-5**  
**ANNUAL RESERVE CERTIFICATION**

Provider Name: Meadowbrook Village Christian Retirement Community  
Fiscal Year Ended: 12/31/2010

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2010 and are in compliance with those requirements.


Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$0
[2] Operating Expense Reserve Amount	\$278,053
[3] <b>Total Liquid Reserve Amount:</b>	<b>\$278,053</b>

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$0	\$1,077,486
[5] Investment Securities	\$0	\$0
[6] Equity Securities	\$0	\$0
[7] Unused/Available Lines of Credit	\$0	\$0
[8] Unused/Available Letters of Credit	\$0	\$0
[9] Debt Service Reserve	\$0	(not applicable)
[10] Other:		
(describe qualifying asset)		
<b>Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]</b>	\$0 [12]	\$1,077,486
<b>Reserve Obligation Amount: [13]</b>	\$0 [14]	\$278,053
<b>Surplus/(Deficiency): [15]</b>	\$0 [16]	\$799,433

Signature:

  
(Authorized Representative)

Date: 7/12/2011

Executive Director  
(Title)

## **Part 6**

# **Continuing Care Retirement Community Disclosure Statement**

**Continuing Care Retirement Community  
Disclosure Statement  
General Information**

**R E C E I V E D**  
07/06/2011  
JUL 18 2011

FACILITY NAME: Meadowbrook Village Christian Retirement Community  
ADDRESS: 100 Holland Glen ZIP CODE: 92026 PHONE: 760-746-2500  
PROVIDER NAME: Meadowbrook Village FACILITY OPERATOR: Meadowbrook Village  
RELATED FACILITIES: None RELIGIOUS AFFILIATION: Christian (Protestant)  
YEAR OPENED: 2009 NO. OF ACRES: 25 MULTI-STORY: ☐ SINGLE STORY: ☐ BOTH: ☒  
MILES TO SHOPPING CTR: 1.6 MILES TO HOSPITAL: 3.3

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE	
APARTMENTS - STUDIO	<u>0</u>	ASSISTED LIVING	<u>104</u>
APARTMENTS - 1 BDRM	<u>22</u>	SKILLED NURSING	<u>0</u>
APARTMENTS - 2 BDRM	<u>32</u>	SPECIAL CARE	
COTTAGES/HOUSES	<u>50</u>	DESCRIBE SPECIAL CARE:	
% OCCUPANCY AT YEAR END	<u>27%</u>		

TYPE OF OWNERSHIP: ☒ NOT FOR PROFIT ☐ FOR PROFIT ☐ ACCREDITED: ☐ Y ☐ N BY: \_\_\_\_\_

FORM OF CONTRACT: ☐ LIFE CARE ☒ CONTINUING CARE ☒ FEE FOR SERVICE  
☐ ASSIGN ASSETS ☐ EQUITY ☒ ENTRY FEE ☐ RENTAL

REFUND PROVISIONS (Check all that apply): ☐ 90% ☐ 75% ☐ 50% ☐ PRORATED TO 0% ☐ OTHER: Pro to 50%

RANGE OF ENTRANCE FEES: \$ 170,350 TO \$ 397,650 LONG-TERM CARE INSURANCE REQUIRED? ☐ Y ☒ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Monitoring, activities, access to assisted living services

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: \_\_\_\_\_

**FACILITY SERVICES AND AMENITIES**

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH		<u>flexible</u>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY		<u>3</u>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE		<u>Yes</u>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

**PROVIDER NAME:** Meadowbrook Village Christian Retirement Community

CCRCs	LOCATION (City, State)	PHONE (with area code)
Meadowbrook Village	Escondido, CA	760-746-2500

**MULTI-LEVEL RETIREMENT COMMUNITIES**


**FREE-STANDING SKILLED NURSING**


**SUBSIDIZED SENIOR HOUSING**


**\* PLEASE INDICATE IF THE FACILITY IS LIFE CARE.**



PROVIDER NAME: Meadowbrook Village Christian Retirement Community

	2007	2008	2009	2010
<b>INCOME FROM ONGOING OPERATIONS</b>				
<b>OPERATING INCOME</b>				
(excluding amortization of entrance fee income)			\$118,142	\$683,530
<b>LESS OPERATING EXPENSES</b>				
(excluding depreciation, amortization, & interest)			-\$473,545	-\$960,260
<b>NET INCOME FROM OPERATIONS</b>			-\$355,403	-\$276,730
<b>LESS INTEREST EXPENSE</b>			-\$166,763	-\$242,930
<b>PLUS CONTRIBUTIONS</b>			\$1,881,992	\$3,461,377
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b>				
(excluding extraordinary items)			-\$150,000	-\$150,000
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>			\$1,209,826	\$2,791,717
<b>NET CASH FLOW FROM ENTRANCE FEES</b>				
(Total Deposits Less Refunds)			\$0	\$0

**DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END**

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGATION	DATE OF MATURITY	AMORTIZATION PERIOD
Stewardship Foundation	\$40,875,000	0.00	12/31/09		Varies

**FINANCIAL RATIOS (see next page for ratio formulas)**

	2009 CCAC Medians 50 <sup>th</sup> Percentile (optional)	2008	2009	2010
<b>DEBT TO ASSET RATIO</b>		79%	82%	73%
<b>OPERATING RATIO</b>			401%	141%
<b>DEBT SERVICE COVERAGE RATIO</b>			N/A	N/A
<b>DAYS CASH-ON-HAND RATIO</b>			171 days	702 days

**HISTORICAL MONTHLY SERVICE FEES**

**AVERAGE FEE AND PERCENT CHANGE**

	2007	%	2008	%	2009	%	2010
STUDIO		0.0%		0.0%		0.0%	
ONE BEDROOM		0.0%		0.0%	\$705	0.0%	\$705
TWO BEDROOM		0.0%		0.0%	\$705	0.0%	\$705
COTTAGE/HOUSE		0.0%		0.0%	\$705	0.0%	\$705
ASSISTED LIVING		0.0%		0.0%		0.0%	
SKILLED NURSING		0.0%		0.0%		0.0%	
SPECIAL CARE		0.0%		0.0%		0.0%	

**COMMENTS FROM PROVIDER:** Through the end of 2010, the Base Monthly Fees for all units were \$550 per month for a single and \$860 for a couple.

## FINANCIAL RATIO FORMULAS

### LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

### OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ \text{-- Depreciation Expense} \\ \text{-- Amortization Expense} \end{array}}{\begin{array}{l} \text{Total Operating Revenues} \\ \text{-- Amortization of Deferred Revenue} \end{array}}$$

### DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ \text{+ Interest, Depreciation,} \\ \text{and Amortization Expenses} \\ \text{-- Amortization of Deferred Revenue} \\ \text{+ Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

### DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash} \\ \text{And Investments} \\ \text{+ Unrestricted Non-Current Cash} \\ \text{and Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

**Note:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

## **Part 7**

### **Report on CCRC Monthly Service Fees**

**FORM 7-1**  
**REPORT ON CCRC MONTHLY SERVICE FEES**

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$550/\$860	\$19/hr	N/A
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)			

☒ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: \_\_\_\_\_  
 (If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☐ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☐ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- ☐ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- ☐ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☐ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- ☐ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

**PROVIDER:** \_\_\_ Meadowbrook Village Christian Retirement Community  
**COMMUNITY:** \_\_\_ Meadowbrook Village Christian Retirement Community

## **Part 8**

### **Key Indicators Report**